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**GPOBA GRANT NUMBER TF096551-BD**

***Global Partnership on Output-based Aid***  
**Grant Agreement**

**(Rural Electrification and Renewable Energy Development Project in Bangladesh)**  
**(Solar Home Systems)**

**Between**

**PEOPLE'S REPUBLIC OF BANGLADESH**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**  
**AND**  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**acting as Administrator of the Global Partnership on Output-based Aid**

**Dated May 12, 2010**

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**GLOBAL PARTNERSHIP ON OUTPUT-BASED AID  
GRANT AGREEMENT**

AGREEMENT dated May 12, 2010, entered into between:  
PEOPLE'S REPUBLIC OF BANGLADESH ("Recipient") and INTERNATIONAL  
BANK FOR RECONSTRUCTION AND DEVELOPMENT and INTERNATIONAL  
DEVELOPMENT ASSOCIATION (collectively, the "World Bank"), acting as an  
administrator of the Global Partnership on Output-based Aid ("GPOBA").

The Recipient and the World Bank hereby agree as follows:

**Article I  
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated July 1, 2008 ("Standard Conditions"), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

**Article II  
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Infrastructure Development Company (IDCOL) ("Project Implementing Entity") to carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III  
The Grant**

- 3.01. (a) The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million two hundred thousand United States Dollars (US\$7,200,000)

("Grant"), to be provided by the Government of The United Kingdom of Great Britain and Northern Ireland through its Department for International Development ("DFID" or "Donor"), under the DFID GPOBA Trust Fund (TF071249), to assist in financing the Project.

(b) Additional grant funds may be added to the Grant as Donor contributions to the Multi-Donor GPOBA Trust Fund (TF070734) or individual donors are made from time to time. The World Bank shall notify the Recipient of such contributions and any ensuing increase in the amount of the Grant, and shall take all necessary action required on its part to modify this Agreement in order to reflect the increase in available GPOBA funds.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

#### **Article IV Additional Remedies**

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following:
- (a) The Memorandum and Articles of Association shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of IDCOL or its ability to carry out the Project or to perform any of its obligations under this Agreement;
  - (b) The Recipient or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of IDCOL or for the suspension of its operations.
  - (c) IBRD or IDA has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by IBRD or IDA, or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of a determination by IBRD or IDA that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA.
  - (d) The World Bank has determined after the Project becomes effective, pursuant to the provisions of Section 5.02 of this Agreement (Effective Date), that prior

to such date but after the signing of the Grant Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if the Grant had been effective on the date such event occurred.

**Article V**  
**Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank showing that the: (a) Operating Guidelines have been adopted by the Recipient in a manner satisfactory to the World Bank; and (b) the Subsidiary Grant Agreement has been executed on behalf of the Recipient and IDCOL.
- 5.02. Except as the Recipient and the World Bank shall otherwise agree, the Effective Date of the Grant Agreement shall be the date upon which the World Bank dispatches to the Recipient notice that the requirement under Section 5.01 has been fulfilled. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if the Grant Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such events have ceased to exist.
- 5.03. The Grant Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Secretary, or the Additional Secretary, or any Joint Secretary, or Deputy Secretary, or Senior Assistant Secretary, or Assistant Secretary, or Joint Chief, or Deputy Chief, or Senior Assistant Chief, or Assistant Chief of the Economic Relations Division of the Recipient's Ministry of Finance.
- 6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Economic Relations Division  
Ministry of Finance  
Government of the People's Republic of Bangladesh  
Sher-e-Bangla Nagar  
Dhaka, Bangladesh

Cable address:  
BAHIRSAMPAD

Telex:  
642226 SETU BJ

Facsimile:  
88028113088

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable:  
INDEVAS  
Washington, D.C.

Telex:  
248423 (MCI) or  
64145 (MCI)

Facsimile:  
1-202-477-6391

AGREED at \_\_\_\_\_, \_\_\_\_\_, as of the day and year first above written.

**PEOPLE'S REPUBLIC OF BANGLADESH**

By: /s/ Arastoo Khan

Authorized Representative

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By: /s/ Ellen Goldstein

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is expanding access to electricity services to the poor population in rural Bangladesh. The Project consists of the following parts:

- Part 1. Provision of output based grant to Participating Organizations to support installation of about 140,000 Solar Home Systems (SHS) in eligible households in off-grid rural areas.
- Part 2. Supporting technical verifications, inspections, and monitoring of activities and outputs under Part 1 of this Schedule.

## SCHEDULE 2

### Project Execution

#### Section I. Institutional and Other Arrangements

##### A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to Infrastructure Development Company Limited (IDCOL) (the "Project Implementing Entity") under a subsidiary grant agreement ("Subsidiary Grant Agreement") between the Recipient and the Project Implementing Entity, under terms and conditions approved by the World Bank, including the conditions set out in Annex 1 to this Schedule 2.
2. The Recipient shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

##### B. Sub-projects and Sub-grants

3. (a) The Recipient shall ensure that, except as the World Bank shall otherwise agree, Subprojects shall be promoted, identified, appraised, approved, carried out and monitored in accordance with the procedures and other provisions set forth or referred to in the Operating Guidelines.

(b) The Recipient shall ensure that Participating Organizations applying for any Sub-grants provided under the Project shall meet relevant eligibility criteria set out in the Operating Guidelines and the Environment Management Framework (EMF) with respect to the making of Sub-grants.

4. The Recipient shall cause IDCOL to enter into a Participation Agreement with each of the Participating Organizations, or make necessary amendments to the existing Participation Agreement, as the case may be, in form and substance satisfactory to the World Bank as a condition for the making of Sub-grants for Subprojects. The terms and conditions of each Agreement shall, *inter alia*:

(a) require that the Participating Organization: (i) carries out the Subproject with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, including the requirement set out in the EMF and the provisions in the Anti-corruption Guidelines; and (ii) maintains adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures relating to the Subproject;

(b) require that the goods and services to be financed from the proceeds of the Sub-grant shall: (i) be procured in accordance with procedures ensuring efficiency and economy and in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (ii) be used exclusively in the carrying out of the Subproject or Subprojects; and

(c) reserve for the Recipient the right to:

- (i) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, works, sites, and construction included in the Subproject or Subprojects, the operations thereof and any relevant records and documents;
- (ii) obtain all information as the Recipient or the World Bank shall reasonably request regarding the administration, operation and financial conditions of the Participating Organizations; and
- (iii) suspend or terminate the right of the Participating Organization to use the proceeds of the Sub-grant upon the failure by the Participating Organization to perform any of its obligations under the Participation Agreement.

**C. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”).

**D. Donor Visibility and Visit**

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.
2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports; Completion Report**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set out in the Operating Guidelines.



Each Project Report shall cover the period of six months, and shall be furnished to the World Bank not later than 45 days after the end of the period covered by such report.

2. The Recipient shall prepare the Recipient's Completion Report not later than six (6) months after the Closing Date. In addition, the Recipient shall prepare two (2) additional reports ("Post Project Reports"), each of such scope and in such detail as the World Bank shall reasonably request, on the execution of the plan set out in the Recipient's Completion Report, and setting out measures designed to ensure the continued efficient and effective achievement of the Project's objectives. The Recipient shall furnish the Post-Project Reports to the World Bank not later than forty-five (45) days after the first and second anniversaries of the Closing Date, respectively.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Procurement and Consultant Guidelines.** All goods and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 ("Procurement Guidelines") in the case of goods, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 ("Consultant Guidelines") in the case of consultants' services; and

- (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
  - 2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
- B. Particular Methods of Procurement of Goods**
- 1. **International Competitive Bidding (ICB).** Except as otherwise provided in paragraph 2 and 3 below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
  - 2. **National Competitive Bidding (NCB).** Except as otherwise agreed by the World Bank, and within the overall context of the Procurement Guidelines, goods, estimated to cost less than \$300,000, may be procured under contracts awarded on the basis of National Competitive Bidding, subject to the following additional procedures:
    - (a) post bidding negotiations shall not be allowed with the lowest evaluated or any other bidder;
    - (b) bids should be submitted and opened in public in one location immediately after the deadline for submission;
    - (c) rebidding shall not be carried out, except with the Association’s prior agreement;
    - (d) lottery in award of contracts shall not be allowed;
    - (e) bidders’ qualification / experience requirement shall be mandatory;
    - (f) bids shall not be invited on the basis of percentage above or below the estimated cost and the contract award shall be based on the lowest estimated bid price of compliant bid from eligible and qualified bidder; and
    - (g) single stage two envelope procurement system shall not be allowed.
  - 3. **Other Methods of Procurement of Goods.** The following methods, other than National Competitive Bidding, may be used for procurement of goods for those contracts specified in the Procurement Plan: (a) Shopping; (b) Direct Contracting; (c) Force Account; (d) Established Private or Commercial Practices

which have been found acceptable to the World Bank; and (e) Community Participation procedures which have been found acceptable to the World Bank.

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection, following the Consultant Guidelines.
2. **Other Methods of Procurement of Consultants' Services.** Within the overall context of the Consultant Guidelines, the following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection; (f) Established Private or Commercial Practices which have been found acceptable to the World Bank; (g) Selection of Service Delivery Contractors which have been found acceptable to the World Bank; (h) Selection of Individual Consultants; and (i) Sole Source Procedures for the Selection of Individual Consultants.

**D. Review by the World Bank of Procurement Decisions**

1. Except as the World Bank shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the World Bank: (a) each contract for goods estimated to cost the equivalent of \$50,000 or more; (b) each contract for consultants' services provided by a firm estimated to cost the equivalent of \$50,000 or more; and (c) all contracts for goods procured under direct contracting and force account and consultants' services procured under single source selection and sole source selection. All other contracts shall be subject to Post Review by the World Bank.

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the

amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Sub-grants under Part 1 of the Project	7,000,000	100%
(2) Goods, Consultants' Services, and Training under Part 2 of the Project	200,000	100%
<b>TOTAL AMOUNT</b>	7,200,000	

For the purpose of this paragraph, the term "Training" means the costs associated with training of personnel involved in the implementation of the Project including travel and subsistence costs for training, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training courses preparation and implementation.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is September 30, 2013.

## APPENDIX

### DEFINITIONS

- (a) “Beneficiary” means any household unit or a private enterprise, for whose benefit a Subproject (as hereinafter defined) is being, or will be, carried out.
- (b) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006.
- (c) “Environmental Management Framework” or “EMF” means the Environmental Management Framework adopted in April 2009 by IDCOL (as hereinafter defined) detailing the measures proposed to address the adverse environmental and social impact of investments under the Project.
- (d) “IDCOL” means Infrastructure Development Company Limited, a body corporate established and existing under the Bangladesh Companies Act (1994).
- (e) “Memorandum and Articles of Association” means the Memorandum and Articles of Association of IDCOL, dated May 14, 1997, as amended to the date of this Agreement.
- (f) “MFI” means any micro finance institution operating under the laws of the Recipient.
- (g) “NGO” means any non-governmental organization operating under the laws of the Recipient.
- (h) “Operating Guidelines” means the operating guidelines to be adopted by IDCOL pursuant to Section 5.01 of this Agreement, which will set out the eligibility criteria of Subprojects (as hereinafter defined), guidelines for appraisal, approval and supervision of Subprojects, and the terms and conditions applicable to Sub-grants (as hereinafter defined).
- (i) “Participation Agreement” means either the existing Participation Agreement entered into between IDCOL and the Participating Organizations (as hereinafter defined) and any amendment thereof or the agreement to be entered into between IDCOL and the Participating Organizations (as hereinafter defined), pursuant to paragraph 4, Section I of Schedule 2 to this Agreement for the purpose of promoting Solar Home Systems in rural off-grid areas in the territory of the Recipient.

(j) “Participating Organization” means the existing Participating Organizations of IDCOL as well as MFI, NGO or private enterprise which participate in the carrying out of Part 1 of the Project pursuant to a Participation Agreement signed with IDCOL.

(k) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October, 2006.

(l) “Sub-grant” means a sub-grant made or proposed to be made by IDCOL out of the proceeds of the Grant to a Participating Organization for a Subproject or Subprojects.

(m) “Subproject” means a scheme, activity or service financed, or proposed to be financed through Sub-grants made through IDCOL under Part 1 of the Project, which meets the criteria set forth in the Operating Guidelines.

(n) “Subsidiary Grant Agreement” means the agreement to be entered into between the Recipient and IDCOL, as referred to in Section 1.A of Schedule 2 to this Agreement.

**Annex 1 to Schedule 2**

**Terms and Conditions of the Subsidiary Grant Agreement**

1. IDCOL shall carry out the Project in accordance with the provisions of the Operating Guidelines, the Participation Agreements and the Anti-corruption Guidelines, and except as the World Bank shall otherwise agree, IDCOL shall not amend or waive any provision of the Operating Guidelines and the Participation Agreements.

2. (a) IDCOL shall provide financing through Sub-grant approved for each Subproject, on terms and conditions, satisfactory to the World Bank, including those set forth in the Operating Guidelines, the Participation Agreement, and the Subsidiary Grant Agreement.

(b) IDCOL shall, no later than September 1 of each year carry out an annual review to determine that Participating Organizations continue to be eligible for Sub-grants in accordance with the eligibility criteria described in the Operating Guidelines, and no later than September 30 of each year, furnish the results of such review to the World Bank.

(c) IDCOL shall: (i) take all necessary measures to implement the safeguards and mitigations measures recommended in the EMF, all in form and substance satisfactory to the World Bank; and (ii) furnish to the World Bank for review and approval, appraisal reports, including resettlement action plans, in respect of all sub-projects involving resettlement, land acquisition or power generation of capacity exceeding 5 MW.

3. IDCOL, in conjunction with the Recipient, shall:

(a) maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with indicators satisfactory to the World Bank, the carrying out of the Project and the achievement of the objectives thereof;

(b) prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank, on or about January 31, 2012, a report integrating the results of the monitoring and evaluation activities performed pursuant to paragraph (a) of this Section, on the progress achieved in the carrying out of the Project during the period preceding the date of said report and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the period following such date; and

(c) review with the World Bank by February 29, 2012, or such later date as the World Bank shall request, the report referred to in paragraph (b) of this Section, and, thereafter, take all measures required to ensure the efficient completion of the Project and

the achievement of the objectives thereof, based on the conclusions and recommendations  
of the said report.